

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6784**

**BILL NUMBER:** HB 1309

**NOTE PREPARED:** Jan 4, 2011

**BILL AMENDED:**

**SUBJECT:** Public works projects cost thresholds.

**FIRST AUTHOR:** Rep. Truitt

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that a political subdivision may perform a public works project using its own work force if the cost of the project is less than \$150,000 (under current law the threshold is \$100,000). It increases the cost threshold to at least one hundred fifty thousand dollars (\$150,000) at which bids are required under the local public works statute. It changes the cost threshold to at least \$50,000 and less than \$150,000 at which quotes are required under the local public works statute (current law provides different thresholds for various political subdivisions).

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Under current law, the governing board of a political subdivision (hereafter referred to as the board) has three options to choose from in determining how to complete a public works project: use its own workforce, require sealed bids, or request quotes from three or more persons. The decision on which option to choose sometimes depends on the cost of the project; at other times it depends on the project cost and the population of the political subdivision. For example, the board may purchase or lease materials and use its own workforce if cost of the project is less than \$100,000. On the other hand, sealed bids may be required if the cost of the project will be at least \$75,000 and the project is in a city with a population of 35,000 or more.

This bill deletes the cost thresholds for the various political subdivisions. Instead, projects would be categorized based solely on their costs. Additionally, the cost threshold for a political subdivision using its own

workforce is increased from \$100,000 to \$150,000.

Under this bill, sealed bids would be mandatory only for projects that would cost at least \$150,000, which is the same as under current law. For these projects there would be no fiscal impact. If the estimated cost would be between \$50,000 and \$150,000, the board would be permitted to choose between inviting quotes from at least three persons or using its own workforce; the option to use sealed bids would be discontinued. For these projects the fiscal impact would depend upon whether using its own workforce or requesting quotes from three or more persons would be more efficient than requiring sealed bids. For projects under \$50,000 the board would have the same options as under current law.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Political subdivisions.

**Information Sources:**

**Fiscal Analyst:** David Lusan, 317-232-9592.